

Senate Bill No. 330

CHAPTER 799

An act to add Section 6010.30 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor October 7, 1999. Filed
with Secretary of State October 10, 1999.]

LEGISLATIVE COUNSEL'S DIGEST

SB 330, C. Wright. Sales and use taxes: exemptions: works of art.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law defines a sale to include a transfer of title or possession, as specified, and provides various exemptions from that tax.

This bill would provide that a sale and purchase does not include the transfer of original drawings, sketches, illustrations, or paintings by an artist or designer at a social gathering for entertainment purposes, provided specified conditions are met.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemption from state sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

The people of the State of California do enact as follows:

SECTION 1. Section 6010.30 is added to the Revenue and Taxation Code, to read:

6010.30. (a) "Sale" and "purchase," for the purpose of this part, do not include the transfer of original drawings, sketches, illustrations, or paintings by an artist or designer at a social gathering for entertainment purposes, if all of the following requirements are met:

(1) Substantially all of the drawings, sketches, illustrations, or paintings are delivered by the artist or designer to a person or persons other than the purchaser.

(2) Substantially all of the drawings, sketches, illustrations, or paintings are received by a person or persons, other than the purchaser, at no cost to the person or persons who become the owner of the drawings, sketches, illustrations, or paintings.

(3) The charge for the drawings, sketches, illustrations, or paintings is based on a preset fee.

(4) The fee charged for the drawings, sketches, illustrations, or paintings is contingent upon a minimum number of at least three drawings, sketches, illustrations, or paintings to be produced by the artist or designer at the social gathering.

(b) For purposes of this section, “substantially all” means 80 percent or more.

SEC. 2. Notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any sales and use tax revenues lost by it under this act.

SEC. 3. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect. However, the provisions of this act shall become operative on the first day of the first calendar quarter commencing more than 90 days after the effective date of this act.

